



Advising the Congress on Medicare issues

MIPPA update: ESRD

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Current outpatient dialysis payment method

- Two-part structure
 - Prospective payment called the composite rate covers the cost of delivering dialysis
 - Separate payments for certain injectable dialysis drugs and laboratory tests
- The Commission and others have raised concerns that Medicare's policies do not appropriately pay for dialysis services
- The Commission made a series of recommendations for modernizing the payment method

MIPPA refines the current outpatient dialysis payment method

- Updates the composite rate by 1 percent in 2009 and in 2010
- Mandates a site-neutral composite rate beginning in 2009
 - Hospital-based facilities were paid, on average, \$4 more than freestanding facilities
 - Commission recommended setting payment the same across the provider types in 2005

MIPPA modernizes the current outpatient dialysis payment method

- Bundles composite rate services, separately billable dialysis drugs, and other services beginning in 2011
- Links the broader bundle payment to facilities' quality beginning in 2012
- Establishes a statutory annual update beginning in 2012

The broader payment bundle will include:

- Services in the composite rate as of 2010
- Separately billable injectable dialysis drugs (e.g., EPO, iron, vitamin D agents) and their oral equivalents
- Laboratory tests not in the composite rate
- Other services that are furnished to beneficiaries for the treatment of ESRD

Implementing the broader payment bundle

- Four-year phase-in beginning in 2011
- Facilities may elect to opt out of the phase-in and be paid under the new payment method in 2011
- Payment rate will be set at 98 percent of the estimated total payments in 2011 if MIPPA had not expanded the bundle
- The Secretary has discretion in setting the unit of payment—session, week, month

Adjustments to the broader payment bundle

- Patient case mix
- High-cost patients
- Low-volume facilities
- Geographic factors
- Facilities that treat pediatric patients
- Facilities located in rural areas

A pay-for-performance program begins in 2012

- Facility-level quality measures include dialysis adequacy and anemia management
- Performance standard based on levels of achievement and improvement
- Payments will be reduced by up to 2 percent for facilities not achieving or making progress toward the performance standard
- Facility-level performance scores will be available on-line and posted at facilities
- Measures updated over time

Increases outreach and education for beneficiaries with chronic kidney disease

- Establishes a 5-year pilot project in at least 3 states to increase awareness of chronic kidney disease (CKD)
- Covers up to six educational sessions for beneficiaries with stage IV CKD
 - Qualified providers will instruct beneficiaries about managing their comorbidities and understanding their treatment options